GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1303
ANSWERED ON:07.03.2008
CREDIT DEPOSIT RATIO
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

(a) whether the credit deposit ratio was lowest in north −eastern region and highest in the western region during the last decade as reported in the Financial Express dated January 1, 2008;

(b) if so, the details thereof alongwith the reasons therefor;

(c) whether the Government has taken some measures to increase credit disbursal in north- eastern States; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) and (b): Yes, Sir. As reported by the Reserve Bank of India (RBI), the Credit- Deposit Ratio(CDR) of the Scheduled Commercial Banks(SCBs) in North Eastern Region(NER), Western Region(WR) and All India (AI) average from 2000 to 2007 has been as below:

(Figures in %)

Region	2000	2001	2002	2003	2004	2005	2006	2007
NER	27.72	28.10	26.95	26.81	29.82	34.83	39.32	40.79
WR	74.06	74.98	89.64	80.82	72.00	83.83	91.49	91.21
AI	57.05	58.53	62.31	59.37	58.72	66.04	72.50	75.02

The above statement reflects an increasing trend in CD Ratio for the NE Region during the last five years.

RBI has reported that the disparity in CD Ratio between these two regions is mainly due to the fact that the NE Region is a hilly region and consequently there is less scope for economic activities, whereas the Western Region is plain and fertile land and it has many developed centres as well as the financial capital of the country. Hence, the CDR of this region is the highest in the country.

(c) & (d): The RBI has advised all Public Sector Banks (PSBs) to achieve a CDR of 60% in respect of their rural and semi-urban branches, separately, on an all India basis and to ensure that wide disparity in the ratios between different States/Regions is avoided in order to minimize regional and sectoral imbalances in credit deployment.

Further, RBI has advised the convener banks of the States to monitor the CDR in the State Level Bankers` Committee (SLBC) meetings and identify measures for enhancing the CDR. RBI had also advised the banks to set up Special Sub Committees (SSCs) of the District Level Consultative Committees in districts having CDR of less than 40%, in order to monitor the CDR and draw up Monitorable Action Plans (MAPs) to increase the CDR.

In order to improve the outreach of banking services, a Committee on Financial Sector Plan (CFSP) for the North Eastern Region headed by Smt. Usha Thorat, Dy. Governor, RBI was set up. The report of CFSP includes, inter-alia , suggestions for expanding banking outreach, simplification of system and procedures for opening of bank accounts, currency management, fund transfer and payment facilities, issues pertaining to financial inclusion, etc.